

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF determining
Whether there has been a violation of the
Securities Act of Washington by:

Millennium USA Eastern Washington RLLP;
Combined Agency, Inc.; James E. Ady;

Respondents

SDO - 92 – 02
S-02-248-02-TO01

SUMMARY ORDER TO CEASE AND DESIST

Case No. 02-04-175
S-02-248

THE STATE OF WASHINGTON TO:

Millennium USA Eastern Washington RLLP
Combined Agency, Inc.
James E. Ady

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Millennium USA Eastern Washington RLLP; Combined Agency, Inc.; and James E. Ady; have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator against each under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I.

Millennium USA Eastern Washington RLLP is a Colorado limited liability partnership with its principal place of business at 1213 South Pines Road, Suite A, Spokane, Washington 99206. Millennium USA Eastern Washington RLLP was formed to purchase defaulted credit card debt.

SUMMARY ORDER TO CEASE AND DESIST

1

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Securities Division
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1 II.

2 James E. Ady is managing partner of Millennium USA Eastern Washington RLLP.

3
4 III.

5 Combined Agency, Inc. is a Washington corporation incorporated on July 20, 1990 with its principal place of
6 business at 1213 South Pines Road, Suite A, Spokane, Washington 99206. Combined Agency, Inc. is an insurance
7 agency.

8 IV.

9 James E. Ady is president of Combined Agency, Inc.

10 V.

11 In 1999 and 2000, James E. Ady, acting for Combined Agency, Inc., organized three limited liability partnerships
12 to purchase defaulted credit card debt. Interests in these limited liability partnerships were sold by Ady and other agents
13 of Combined Agency, Inc. Seventeen investors invested a total of \$876,536 in the three limited liability partnerships.
14 The only reason Ady and Combined Agency, Inc. did not sell interests in additional limited liability partnerships for
15 the same purpose was that the company from which Ady and Combined Agency, Inc bought the defaulted credit card
16 debt stopped selling to limited liability partnerships.

17 In 1999, James E. Ady was introduced to the Collect America Program run by Collect America, Ltd. (a Delaware
18 corporation) and its sister corporation, Refinance America, both of which are located in Denver, Colorado. Refinance
19 America purchases defaulted credit card debt at a deep discount. It then assigns that debt to Collect America for
20 collection. Advantage America LLC of Kalispell, Montana held seminars to encourage others to set up registered limited
21 partnerships (RLLPs) as vehicles for investing in defaulted credit card debt purchased from Refinance America. Ady
22 attended one of those seminars in January or February 1999. In March 1999, Ady purchased six Colorado RLLPs from
23 David Cole of Eugene, Oregon. He did so in order to use the RLLPs to participate in the Collect America RLLP program.
24 The six RLLPs, when Ady purchased them, had no business activity, had not assets, and had no partners, other than the
25 managing partner. Cole resigned as managing partner of the six RLLPs and was succeeded by Ady. Ady sent out a letter

1 to the sales associates of Combined Agency, Inc. telling them of the opportunity to sell interests in the RLLPs as a vehicle
2 for individuals to invest in the Refinance America program. The sales associates were offered 7% commission for any
3 investments they brought into the program.

4 Ady renamed three of the partnerships. The new names were Millennium USA Eastern Washington RLLP,
5 Millennium USA Southeastern RLLP, and Millennium USA Carolina RLLP. In August and September 1999, interests in
6 Millennium USA Eastern Washington RLLP were sold to five investors who each paid \$25,000. One of the investors was
7 Combined Agency, Inc. itself. Two of the investors were customers of Carl Ogren, a Colfax, Washington insurance agent
8 who worked through Combined Agency, Inc. Ogren arranged for James Ady to make presentations to these investors,
9 who live in eastern Washington. Ogren told the investors that the program Ady was offering was a good deal. In his
10 presentations, Ady told the investors that if they invested, they would receive their money back in a year. Ady did not
11 explain that there were significant risks associated with trying to collect on debt that had already been written off by banks
12 or credit card companies as uncollectible. Although the investors would be general partners of the RLLP, Ady left them
13 with the impression that they would not have to participate in the management of the RLLP to make a profit on their
14 investments. In fact, neither of the investors has participated in the business. One of the Washington investors was a
15 retired wheat farmer in Pomeroy. The other was a software engineer in the Spokane area. Neither had any experience in
16 collecting on credit card debt. More than three years later, the investors in Millennium USA Eastern Washington RLLP
have not received all of their money back.

17 In December 1999 through January 2000, a second RLLP, Millennium USA Southeastern RLLP was funded with
18 sales of interests to six investors, all from North Carolina, who collectively invested \$286,536. The sales were made by a
19 North Carolina agent, Rick Woollen, of Combined Agency, Inc. Ady is the managing general partner of Millennium
20 USA Southeastern RLLP.

21 In August 2000, Woollen began soliciting investors for Millennium USA Carolina RLLP. He raised \$340,000
22 from six investors for this Millennium USA Carolina RLLP. Ady was managing general partner of Millennium USA
23 Carolina RLLP. Millennium USA Carolina RLLP never purchased any credit card debt from Refinance America because
24 that company had entered into an agreement to sell its defaulted debt to another company, thereby effectively ending the

1 Collect America RLLP program. Ady returned the funds to the Millennium USA Carolina RLLP investors. None of
2 those investors was from the state of Washington.

3 The bookkeeping for Millennium USA Eastern Washington RLLP, Millennium USA Southeastern RLLP, and
4 Millennium USA Carolina RLLP was all done from Combined Agency, Inc.'s office in Spokane. Each of the three
5 RLLPs maintained its bank account at a Spokane bank.

6 VI.

7 Millennium USA Eastern Washington RLLP is not currently registered to sell its securities in the state of
8 Washington and has not previously been so registered.

9 VII.

10 Neither Combined Agency, Inc. nor James E. Ady is currently registered as a broker-dealer in the state of
11 Washington and neither has been previously so registered. James E. Ady was registered in Washington as a securities
12 salesperson with the broker-dealer Freedom Financial, Inc. from July 10, 2000 to April 1, 2002. He was registered as a
13 securities salesperson in Washington with the broker-dealer Metropolitan Investment Securities, Inc. from October 12,
14 1998 through May 26, 1999. Ady's activities with the Millennium USA RLLPs were on his own behalf and not as an
15 agent of Freedom Financial, Inc. or of Metropolitan Investments Securities, Inc. Ady was never registered as a securities
16 salesperson for any of the Millennium USA RLLPs.

17 VIII.

18 The Securities Administrator finds that the continued offering of interests in limited liability partnerships in
19 the manner described in Tentative Finding of Fact paragraph V, presents a threat to the investing public.

20 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

21 CONCLUSIONS OF LAW

22 I.

23 The offer and/or sale of interests in Millennium USA Eastern Washington RLLP described above constitutes the
24 offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).

25 SUMMARY ORDER TO CEASE AND DESIST

26 4

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1 II.

2 The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration or notification of
3 claim of exemption for such offer and/or sale is on file with the Administrator of Securities, state of.

4 III.

5 Combined Agency, Inc. and James E. Ady have each violated RCW 21.20.040 by offering and/or selling said
6 securities while not registered as a broker-dealer in the state of Washington. James E. Ady has violated RCW 21.20.040
7 by selling securities in Millennium USA Eastern Washington RLLP without being registered as a securities salesperson
8 for Millennium USA Eastern Washington RLLP in the state of Washington.

9 IV.

10 The offer and/or sale of said securities was made in violation of RCW 21.20.010 because investors were misled
11 as to the risks relating to their investments.

12 V.

13 The Securities Administrator finds that an emergency exists, that the continued violations of RCW 21.20.010,
14 RCW 21.20.040, and RCW 21.20.140, constitutes a threat to the investing public, and that summary orders to cease
15 and desist from those violations is in the public interest and necessary for the protection of the investing public.

16 **SUMMARY ORDER**

17 Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that Millennium
18 USA Eastern Washington RLLP; Combined Agency, Inc.; and James E. Ady; their agents and employees each cease
19 and desist from offering or selling securities in any manner in violation of RCW 21.20.140, the section of the
20 Securities Act of Washington requiring registration.

21 It is further SUMMARILY ORDERED that respondents, Millennium USA Eastern Washington RLLP;
22 Combined Agency, Inc.; and James E. Ady; their agents, and employees each cease and desist from violation of RCW
23 21.20.010, the anti-fraud section of the Securities Act.

1 It is further SUMMARILY ORDERED that James E. Ady and Combined Agency, Inc. each cease and desist
2 from violation of RCW 21.20.040, the section of the Securities Act that requires registration of securities salespersons
3 and broker-dealers.

4 **AUTHORITY AND PROCEDURE**

5 This Order is entered pursuant to the provisions of RCW 21.20.390 and is subject to the provisions of RCW
6 34.05. The respondents, Millennium USA Eastern Washington RLLP; Combined Agency, Inc.; and James E. Ady;
7 may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
8 OPPORTUNITY FOR HEARING accompanying this order.

9 If a respondent does not request a hearing, the Securities Administrator intends to adopt the above Tentative
10 Findings of Fact and Conclusions of Law as final and make the summary order to cease and desist permanent as to
11 that respondent.

12 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

13 DATED this 26th day of November, 2002.

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16 

17 DEBORAH R. BORTNER
18 Securities Administrator

19 Approved By:

Presented By:

20 _____
21 Michael E. Stevenson
22 Chief of Enforcement

20 _____
21 Suzanne E. Sarason
22 Financial Legal Examiner